

Fiscal Note

Fiscal Services Division



[SF 162](#) – School Aid Regular Allowable Growth (LSB 2119SV)
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Fiscal Note Version – New

Description

[Senate File 162](#) requires a 4.0% allowable growth rate to be applied to each of the regular school aid State cost per pupil amounts for FY 2015.

Background

The school aid formula provides funding through a mix of State aid and property tax to school districts and area education agencies (AEAs). In general, funding is generated on a per pupil basis with the per pupil amounts providing an overall budget limitation. There are five FY 2014 State cost per pupil funding levels that will be increased by a 4.0% allowable growth rate for FY 2015. The FY 2014 allowable growth rate has not currently been enacted. However, [SF 52](#) (FY 2014 School Aid Regular Allowable Growth Bill) provides an allowable growth rate for FY 2014 of 4.0%. The following table provides the per pupil growth amounts and State cost per pupil amounts for FY 2015 based on a 0.0% allowable growth rate and a 4.0% allowable growth rate as required in [SF 52](#).

Based on 4.0% Allowable Growth Rate for FY 2015 and 0.0% for FY 2014 (Cost per pupil)					
	Regular Program	Special Education Program	AEA Special Education Support	AEA Media Services	AEA Educational Services
FY 2014 SCPP Amounts	\$6,001.00	\$ 6,001.00	263.51	\$ 49.13	\$ 54.22
FY 2015 Per Pupil Growth	240.00	240.00	10.54	1.97	2.17
FY 2015 SCPP Amounts	\$6,241.00	\$ 6,241.00	274.05	\$ 51.10	\$ 56.39

Based on 4.0% Allowable Growth Rate for FY 2015 and 4.0% for FY 2014					
	Regular Program	Special Education Program	AEA Special Education Support	AEA Media Services	AEA Educational Services
FY 2014 SCPP Amounts	\$6,241.00	\$ 6,241.00	274.05	\$ 51.10	\$ 56.39
FY 2015 Per Pupil Growth	250.00	250.00	10.96	2.04	2.26
FY 2015 SCPP Amounts	\$6,491.00	\$ 6,491.00	285.01	\$ 53.14	\$ 58.65

In addition to the allowable growth rates for FY 2014 and FY 2015, enrollments, weightings, and taxable valuations within each school district have an impact on the amount of total school aid

funding, including the amount of State aid and local property tax required to generate the total funding amount.

Assumptions

Assumptions include:

- Enrollments include the October 2012 certified enrollments and Department of Education enrollment projections for FY 2015.
- FY 2014 supplementary weightings are based on the preliminary data from fall 2012. FY 2015 estimates assume a 1.0% increase in special education weightings, a 1.0% increase in at-risk weightings, a 7.0% increase in English-as-second-language (ESL) weightings, and a decrease of 30.6% for sharing weightings.
- Statewide taxable valuation growth of 3.94% for FY 2014 and 4.25% for FY 2015. Based on these assumptions, the statewide total for the uniform levy is estimated to account for \$30.8 million of the school foundation property tax change in FY 2014 and \$32.2 million in FY 2015. The estimated increase in the uniform levy amount is not impacted by the establishment of an allowable growth rate.
- Property tax adjustment aid amounts are based on the statewide taxable valuation growth factor applied to each school district's FY 2015 taxable valuation amount. Additionally, if enacted, [SF 53](#) (Additional School Aid Property Tax Relief Bill) will provide additional property tax relief to school districts beginning in FY 2014.
- Other legislation may have an impact on the amount of State aid and property tax generated though the school aid formula. The fiscal impact in the table below includes the provisions in [SF 51](#) (FY 2014 State Categorical Supplement Allowable Growth Bill), [SF 52](#) (FY 2014 School Aid Regular Allowable Growth Bill), [SF 53](#) (Additional School Aid Property Tax Relief Bill), and [SF 161](#) (FY 2015 State Categorical Supplement Allowable Growth Bill).
- State aid includes funding from the State General Fund and other funds appropriated or deposited in the Property Tax Equity and Relief (PTER) Fund that is used to provide additional property tax relief through the school aid formula.
- Establishing an allowable growth rate will also impact the amount of funding generated for the Statewide Voluntary Preschool Program. Funding for the program is provided with State General Fund dollars and is included in the overall State aid total.
- Districts eligible for the 101.0% budget adjustment will approve use of that provision. The Legislative Services Agency (LSA) estimate includes a total budget adjustment of \$19.5 million, based on 4.0% allowable growth rates for FY 2014 and FY 2015 and the FY 2015 budget enrollment projections.
- Beginning in FY 2014, the additional \$20.0 million State aid reduction to AEAs implemented in FY 2012 and FY 2013 will be restored.

Fiscal Impact

The following table provides the estimated fiscal impact of [SF 162](#), based on the provisions provided in [SF 51](#), [SF 52](#), [SF 53](#), and [SF 161](#). Based on these provisions and [SF 162](#):

- The State General Fund expenditure will increase \$114.6 million (4.1%) compared to estimated FY 2014.
- Preschool aid will increase \$6.1 million (9.2%), compared to estimated FY 2014.
- The combined district cost (reflecting the total school aid funding level for school districts and area education agencies generated through the school aid formula), is estimated to increase \$181.2 million (4.4%) compared to estimated FY 2014.

Any legislative action impacting FY 2014 school aid provisions will have an impact on FY 2015 school aid amounts. Additionally, any variations in the assumptions noted may result in significant changes in the FY 2015 estimates provided in the following table.

State School Aid Funding: FY 2013, Est. FY 2014, and Est. FY 2015 (Based on Senate School Aid Proposals)

(Dollars in Millions)

	FY 2013 - 2% Allowable Growth	Change from FY 2012	Senate Proposal		Senate Proposal	
			FY 2014 - 4% Allowable Growth	Change from Est. FY 2013	FY 2015 - 4% Allowable Growth	Change from Est. FY 2014
Total Regular School Aid	\$ 2,280.9	\$ 23.9	\$ 2,436.0	\$ 155.1	\$ 2,531.7	\$ 95.6
Teacher Salary Supplement	260.0	3.2	271.1	11.1	283.3	12.2
Professional Development Supplement	29.5	0.4	30.8	1.3	32.2	1.4
Early Intervention Supplement	30.3	0.4	31.6	1.3	33.1	1.4
Total State Categorical Supplement	\$ 319.8	\$ 3.9	\$ 333.5	\$ 13.7	\$ 348.6	\$ 15.1
Total School Aid w/o Preschool	\$ 2,600.7	\$ 27.8	\$ 2,769.5	\$ 168.9	\$ 2,880.2	\$ 110.7
Preschool Aid	\$ 60.4	\$ 2.0	\$ 66.7	\$ 6.3	\$ 72.9	\$ 6.1
Total State Aid Amount for School Programs	\$ 2,661.1	\$ 29.9	\$ 2,836.3	\$ 175.2	\$ 2,953.1	\$ 116.8
PTER Funding	\$ 7.4	\$ 0.7	\$ 31.1	\$ 23.7	\$ 33.3	\$ 2.2
Taxpayer Trust Fund for Allowable Growth Increase	N.A.	N.A.	16.5	16.5	16.5	0.0
Total State General Fund Amount for School Aid	\$ 2,653.7	\$ 29.2	\$ 2,788.7	\$ 134.9	\$ 2,903.3	\$ 114.6
Uniform Levy	\$ 729.7		\$ 760.5	\$ 30.8	\$ 792.9	\$ 32.3
Total Additional Levy	612.4		625.3	12.8	665.6	40.4
Property Tax Adjustment Aid (from GF)	-24.0	0.0	-24.0	0.0	-24.0	0.0
Property Tax Adjustment Aid (from PTER)	-7.4	-0.7	-31.1	-23.7	-33.3	-2.2
Taxpayer Trust Fund for Allowable Growth Increase	N.A.	N.A.	-16.5	-16.5	-16.5	-0.0
Total Foundation Property Tax	\$ 1,310.8	\$ -3.7	\$ 1,314.2	\$ 3.4	\$ 1,384.7	\$ 70.5
Combined District Cost	\$ 3,910.7	\$ 23.4	\$ 4,083.8	\$ 173.0	\$ 4,264.9	\$ 181.2

Senate proposals include SF 51, SF 52, SF 53, SF 161, and SF 162.

School aid estimates by district are available on the [LSA website](#).

Sources

Iowa Department of Education, Certified Enrollment and Enrollment Projections file

Iowa Department of Management, School Aid file

Iowa Department of Revenue

[SF 51](#), [SF 52](#), [SF 53](#), [SF 161](#)

LSA analysis and calculations

/s/ Holly M. Lyons

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.